



Elizabeth H. Mitchell
President of the Senate

State of Maine
124th Maine Legislature

Hannah M. Pingree
Speaker of the House

February 12, 2010

Congressman Henry Waxman
House of Representatives
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515-6115

Congressman Bart Stupak
House of Representatives
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515-6115

Dear Congressman Waxman and Congressman Stupak:

We applaud the recent announcement of the Committee on Energy and Commerce and its Subcommittee on Oversight and Investigations that they will investigate Anthem WellPoint's request for a rate increase in the California individual health insurance market and we would request that you broaden your investigation to include Anthem's practices in states like Maine. We are concerned that this may be a pattern of increases intended to shift individual market consumers to products with less coverage.

Anthem has repeatedly requested rate increases in the Maine individual market that approach 15 to 20 percent in most years, as the following table shows.

| Anthem - HealthChoice Average Rate Increases | | | |
|--|----------------|---------------------------|----------------|
| Average Increase Requested | Effective Date | Average Increase Approved | Effective Date |
| 20.4% | 10/1/1998 | 20.4% | 1/1/1999 |
| 15.9% | 10/1/1999 | 15.7% | 11/1/1999 |
| 23.5% | 1/1/2001 | 23.5% | 1/1/2001 |
| 13.6% | 1/1/2002 | 12.7% | 2/1/2002 |
| 7.1% | 1/1/2003 | 3.4% | 1/1/2003 |
| 14.7% | 1/1/2005 | 14.5% | 3/1/2005 |
| 19.8% | 1/1/2006 | 16.3% | 3/1/2006 |
| 20.5% | 1/1/2007 | 16.7% | 1/1/2007 |
| 18.6% | 1/1/2008 | 12.5% | 1/1/2008 |
| 18.5% | 7/1/2009 | 10.9% | 7/1/2009 |
| 22.9% | 7/1/2010 | -- | -- |

In 2009 in the State of Maine, Anthem requested an average rate increase in the individual market of 18.1 percent. As identified in its filing, the largest premium increase depending on deductible level and type of contract for HealthChoice was 23.6 percent, for the HealthChoice Standard and Basic products it was 9.5 percent, and for the Lumenos plan it was 37.8 percent.¹

While the numbers of those impacted in a small state like Maine may pale in comparison to the numbers of policy holders in California, the impact is never the less significant. This is because in Maine Anthem is the largest insurer in the individual market. Their request in 2009 would have affected nearly 12,000 policyholders in Maine.²

Maine's Superintendent of the Bureau of Insurance challenged the proposed 2009 rate increase, calling it "excessive." Superintendent Mila Kofman determined that Anthem should only be allowed a 10.9 percent increase. When you consider that Anthem had been allowed to average a 3.2 percent yearly profit margin over the last nine years, asking Anthem to forego profits for one year in only their individual market line was very fair. In a year when many Maine families were struggling to break even, Anthem had the audacity to sue the state for denying them profit in the individual market. This case is still pending.³

Maine's Attorney General, in defense of the State's position on Anthem's proposed 2009 rate increase, noted that the coverage for which Maine people were paying so much was still quite limited. In her brief, Attorney General Janet Mills wrote:⁴

"In addition to the average annual premium of approximately \$6,000 paid by Maine consumers to Anthem in 2008, these same individuals paid their own health care costs below the deductible. The average deductible was \$7,250 in that year, and is projected to grow to an average of \$7,570 in 2009. That means the average policyholder would have had to incur a total cost of more than \$13,000 in premium and deductibles, prior to becoming eligible to receive any health benefits under the policy (other than benefits paid on a "first dollar" basis). In 2008, the average out-of-pocket cost actually paid by Anthem policyholders for health care was approximately \$2,350 per household. That means the average policyholder in fact incurred a total cost of almost \$8,500 for insurance and health care"

Clearly last year's experience has not deterred Anthem. On January 4, 2010, Anthem of Maine filed a proposed a 22.9 percent rate adjustment for its HealthChoice and Lumenos

¹ http://www.maine.gov/pfr/insurance/bluecross_anthem/2009_rate_filing/ins-09-1000_rate_filing_press_packet.htm

² *ibid*

³ *ibid*


⁴ http://www.maine.gov/pfr/insurance/bluecross_anthem/2009_rate_filing/pdf/Supt_Filing_in_Anthem_App_eal_092309.pdf

Congressmen Waxman & Stupak
February 10, 2010
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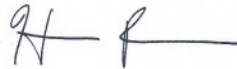
products, with nearly 11,000 policyholders affected by the proposed rate revisions. This latest rate increase is still being reviewed by Maine's Bureau of Insurance.⁵

The rate increases requested by Anthem in Maine and California deserve your scrutiny. Maine families cannot bear the burden of 15 to 20 percent increases year after year. We would be happy to provide the Committee with other information at your request.

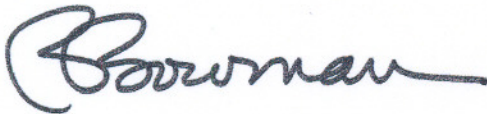
Sincerely,



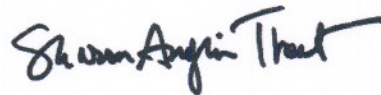
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President of the Senate



Hannah M. Pingree
Speaker of the House



Senator Peter Bowman
Chair, Insurance and
Financial Services Committee



Rep. Sharon Anglin Treat
Chair, Insurance and
Financial Services Committee

Cc: Senator Olympia Snowe
Senator Susan Collins
Congressman Michael Michaud
Congresswoman Chellie Pingree
Attorney General Janet Mills
Superintendent Mila Kofman

⁵ <http://www.maine.gov/pfr/insurance/hearings/index.htm>